

Message Text

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ACTION NEA-09

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C O R R E C T E D C O P Y P A R A 2 A N D P A R A 3

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SUBJECT: NEW TOYOMENKA/SANTA FE OIL EXPLORATION AGREEMENT WITH
YEMEN GOVERNMENT

1. SUMMARY. TOYOMENKA/SANTA FE SIGNED AGREEMENT WITH YARG FEB
11 WHICH GIVES THEM UNTIL END OF 1975 TO DECIDE WHETHER TO DRILL
IN THEIR CONCESSION OFF YEMEN'S OOUTHERN RED SEA COAST. SECOND
MAJOR FEATURE OF ACCORD GIVES SANTA FE RIGHT TO CONDUCT ONSHORE
PETROLEUM/MINERAL SURVEY AT SELECTED RITES IN TIHAMA REGION
FROM MAYDI ALONG SAUDI BORDER TO HODEIDA. SANTA FE NOW PLANS
TO BEGIN INTENSIVE SECOND STATE SEISMIC SURVEY OF FAVORABLE
RED SEA AREAS AND TO SEND SURVEY TEAMS INTO NORTHERN TIHANA.

END SUMMARY.

2. JOINT TOYOMENKA/SANTA FE TEAM SUCCESSFULLY NEGOTIATED NEW
AGREEMENT WITH YARG FEB 8-11 WHICH STRENGTHENS PROSPECTS FOR
SANTA FE'S LONG TERM INVOLVEMENT IN YEMEN'S ECONOMIC DEVELOPMENT.
ALTHOUGH NEGOTIATIONS WERE TECHNICALLY WITH MINECON ALI LUTF
AL-THOR, MINDEV IRYANI WAS LEADING YARG PROPONENT OF
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LIBERAL AGREEMENT. SANTA FE MEMBERS PLEASED WITH SPEED OF

ACCORD WHICH WAS SIGNED FOUR DAYS BEFORE FEB 15 CONTRACT DEADLINE. WHILE ALL TEAM MEMBERS COGNIZANT OF IRYANI'S ABILITY, ALL CONSIDERABLY IMPRESSED BY ABDUL GHANI'S ORAL EXAMINATION OF THE PROPOSED AGREEMENT ON FEB 11 IN TECHNICAL FIELD OUTSIDE OF HIS KNOWN EXPERTISE.

3. NEW ACCORD ALLOWS SANTA FE TILL END OF 1975 TO DETERMINE WHETHER RED SEA CONCESSION WARRANTS DRILLING OPERATIONS. SOMEWHAT UNEXPECTED WAS THE SPEED OF YARG'S CONSENT TO PERMIT SANTA FE TO CONDUCT LAND AND AERIAL OIL/MINERAL SURVEY IN NORTHERN TIHAMA REGION. ACCORD MAY FORESTALL BID BY ANSCHUTZ CORP. (DENVER) FOR OIL/GAS EXPLORATION RIGHTS IN SAME AREA.

4. SANTA FE COUNSEL EDMUND PENDLETON STRESSED TO PRIMIN NECESSITY FOR QUICK CONCLUSION OF ETHIOPIAN-YEMEN TREATY REGARDING MINERAL RIGHTS IN THEIR AREA OF THE RED SEA. PENDLETON REMARKED TO PRIMIN THAT OIL COMPANIES WOULD BE VERY RELUCTANT TO BEGIN EXPENSIVE DRILLING OPERATIONS AT MID-RED SEA SITES IF ANY JURISDICTIONAL QUESTIONS OUTSTANDING.
(COMMENT: ASSUME FROM PENDLETON AND CHIEF GEOPHYSICIST'S STATEMENTS THAT SOME OF SANTA FE'S MORE POSITIVE SEISMIC INDICATIONS LOCATED IN POSSIBLY DISPUTABLE WATERS.)

5. SANTA FE NOW INTENDS TO CONDUCT MORE DETAILED SEISMIC SURVEY NE FAVORABLE SITES OFF RED SEA COAST AND TO SEND SURVEY TEAM TO TIHAMA LATER THIS SPRING. IF POSSIBLE, INITIAL TIHAMA MAGNOMETER READINGS WILL BE TAKEN BY AERIAL SURVEY USING HODEIDA AS A BASE IF AIRPORT RUNWAY CONDITIONS PERMIT.

6. ENTIRE SANTA FE PARTY WILL DEPART SANAA FOR CAIRO FEB 12 IN PRESIDENT'S PLANE AT INVITATION OF MINECON AL-THOR WHO IS PROCEEDING TO ALGIERS.

SCOTES

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